

CONDOMINIUM PUBLIC REPORT

Prepared &
Issued by: Developer: PAUL STEVEN DAVIDSON AND CHRISTINA LOUISE SMITH
1223 Wilshire Boulevard, #501
Santa Monica, California 90403

Project Name(*): Alamihi Condominium
Address: 5-7223 Kuhio Highway
Hanalei, Kauai, Hawaii 96714

Registration No. 5811
(Conversion)

Effective date: January 5, 2006
Expiration date: February 5, 2007

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, in any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

- ☐ **PRELIMINARY:**
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
- ☒ **FINAL:**
(white) The developer has legally created a condominium and has filed complete information with the Commission.
☒ No prior reports have been issued.
☐ This report supersedes all prior public reports.
☐ This report must be read together with _____
- ☐ **SUPPLEMENTARY:**
(pink) This report updates information contained in the:
☐ Preliminary Public Report dated: _____
☐ Final Public Report dated: _____
☐ Supplementary Public Report dated: _____
- And ☐ Supersedes all prior public reports
☐ Must be read together with _____
☐ This report reactivates the _____
public report(s) which expired on _____

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

☒ [X] Required and attached to this report ☐ [] Not required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

☒ [X] No prior reports have been issued by the developer.

☐ [] Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property.

1. There are presently an existing single family dwelling unit and one (1) storage shed on the property, both of which may be defined as an "apartment" under the condominium property act.
2. This public report does not constitute an approval of the project by the Real Estate Commission or any other governmental agency, nor does it warrant that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.
3. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.
4. Facilities and improvements normally associated with County-approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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EXHIBIT A: DESCRIPTION OF BUILDINGS

EXHIBIT B: ALTERATION OF PROJECT

EXHIBIT C: COMMON ELEMENTS

EXHIBIT D: LIMITED COMMON ELEMENTS

EXHIBIT E: ENCUMBRANCES AGAINST TITLE

EXHIBIT F: ESTIMATE OF INITIAL MAINT. FEES & ESTIMATE OF MAINT. FEE DISBURSEMENTS

EXHIBIT G: SUMMARY OF DEPOSIT RECEIPT AND SALES CONTRACT

EXHIBIT H: SUMMARY OF ESCROW AGREEMENT

EXHIBIT I: DISCLOSURE ABSTRACT

EXHIBIT J: COUNTY OF KAUAI, PLANNING DEPARTMENT LETTER DATED AUGUST 18, 2005

EXHIBIT K: ARCHITECT'S CONDITION REPORT DATED NOVEMBER 17, 2004

General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common Elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: PAUL STEVEN DAVIDSON AND CHRISTINA LOUISE SMITH Phone: (213) 500-7711
1223 Wilshire Boulevard, # 501
Santa Monica, California 90403

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

N/A

Real Estate Broker*: Re/Max Kauai.Com, LLC Phone: (808) 826-9675
P. O. Box 22-3609. (Business)
Princeville, Kauai, Hawaii 96722

Escrow: Title Guaranty of Hawaii Phone: (808) 521-0211
235 Queen Street (Business)
Honolulu, Hawaii 96813

General Contractor*: Peter Thielen Phone: (808) 652-7140
P. O. Box 1277 (Business)
Kekaha, Kauai, Hawaii 96752

Condominium Managing Agent*: Self-managed by Association of Unit Owners Phone: N/A
(Business)

Attorney for Developer: Jonathan J. Chun Phone: (808) 245-4705
Belles Graham Proudfoot & Wilson (Business)
4334 Rice Street, Suite 202
Lihue, Kauai, Hawaii 96766-1388

*For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

☐ Proposed

☒ Recorded - Bureau of Conveyances:

Document No. 2005-025135

Book _____ Page _____

☐ Filed - Land Court:

Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

First Amendment to Declaration of Condominium Property Regime of Alamihi Condominium dated November 29, 2005, recorded as Document No. 2005-249515.

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

☐ Proposed

☒ Recorded - Bureau of Conveyances Condo Map No. 3937

☐ Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

☐ Proposed

☒ Recorded - Bureau of Conveyances:

Document No. 2005-025136

Book _____ Page _____

☐ Filed - Land Court:

Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

☐ Proposed ☐ Adopted ☒ Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interests which must vote for or give written consent to changes:

| | <u>Minimum Set by Law</u> | <u>This Condominium</u> |
|-----------------------------|-------------------------------|-------------------------|
| Declaration (and Condo Map) | 75%* | <u>75%</u> |
| Bylaws | 65% | <u>65%</u> |
| House Rules | ----- | <u>N/A</u> |

*The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer**

☐ No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

☒ Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

The Developer reserves the right to change the Declaration and Condominium Map as provided for in Section M of the Declaration.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

☒ Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

☐ Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit_____contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires:_____ Rent Renegotiation Date(s): _____

Lease Rent Payable: ☐ Monthly ☐ Quarterly
 ☐ Semi-Annually ☐ Annually

Exhibit_____contains a schedule of the lease rent for each apartment per ☐ Month ☐ Year

For Sub-leaseholds:

☐ Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is: ☐ Canceled ☐ Foreclosed

☐ As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

☐ Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit_____contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires:_____ Rent Renegotiation Date(s): _____

Lease Rent Payable: ☐ Monthly ☐ Quarterly
 ☐ Semi-Annually ☐ Annually

Exhibit_____contains a schedule of the lease rent for each apartment per: ☐ Month ☐ Year

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 5-7223 Kuhio Hwy
Hanalei, Kauai, Hawaii 96714

Tax Map Key: (TMK): (4) 5-8-11:07

[X] Address [X] TMK is expected to change because address will be assigned by the County
when house on lot A is constructed; CPR numbers will be added to the current TMK

Land Area: 22,006 [X] square feet [] acre(s) Zoning: Residential

Lessor: N/A
Name
Address

1. ☐ New Building(s)
☒ Conversion of Existing Building(s)
☐ Both New Building(s) and Conversion
2. Number of Buildings: 2 Floors Per Building 1
☒ Exhibit A contains further explanations.
3. Principal Construction Material:
☐ Concrete ☐ Hollow Tile ☒ Wood
☒ Other Fabric shade cloth on metal fence stakes
4. Permitted Uses by Zoning:

| | No. of Apts. | <u>Use Permitted by Zoning</u> | |
|-------------------|-------------------|--------------------------------|--------|
| [X] Residential | <u>1</u> | [X] Yes | [] No |
| [] Commercial | <u> </u> | [] Yes | [] No |
| [] Mix Res/Comm | <u> </u> | [] Yes | [] No |
| [] Hotel | <u> </u> | [] Yes | [] No |
| [] Timeshare | <u> </u> | [] Yes | [] No |
| [] Ohana | <u> </u> | [] Yes | [] No |
| [] Industrial | <u> </u> | [] Yes | [] No |
| [] Agricultural | <u> </u> | [] Yes | [] No |
| [] Recreational | <u> </u> | [] Yes | [] No |
| [X] Other: (shed) | <u>1</u> | [X] Yes | [] No |

☒ Yes ☐ No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

☒ Pets: Bylaws, Article 13.1

☐ Number of Occupants: _____

☐ Other: _____

☐ There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

| <u>Apt. Type</u> | <u>Quantity</u> | <u>BR/Bath</u> | <u>Net Living Area (sf)*</u> | <u>Net Other Area (sf)</u> | <u>(Identify)</u> |
|----------------------|-----------------|----------------|----------------------------------|--------------------------------|----------------------|
| <u>Unit A</u> | <u>1</u> | <u>0/0</u> | <u>N/A</u> | <u>16</u> | <u>Shade Shed</u> |
| <u>Unit B</u> | <u>1</u> | <u>2/2</u> | <u>1457</u> | <u>675</u> | <u>Exterior Deck</u> |

Total number of Apartments: 2

***Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

See Exhibit "A"

Permitted Alterations to Apartments:

See Exhibit "B"

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by Section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has not elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 4

| | <u>Regular</u> | | <u>Compact</u> | | <u>Tandem</u> | | |
|--------------------------|----------------|-------------|----------------|-------------|----------------|-------------|--------------|
| | <u>Covered</u> | <u>Open</u> | <u>Covered</u> | <u>Open</u> | <u>Covered</u> | <u>Open</u> | <u>TOTAL</u> |
| Assigned (for each unit) | _____ | <u>2</u> | _____ | _____ | _____ | _____ | <u>2</u> |
| Guest | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Unassigned | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Extra for Purchase | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Other: _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Total Covered & Open: | <u>2</u> | | | | | | <u>4</u> |

Each apartment will have the exclusive use of at least 2 parking stall(s). Buyers are encouraged to find out which stall(s) will be available for their use.

- ☐ Commercial parking garage permitted in condominium project.
- ☐ Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

- [X] There are no recreational or common facilities.
- [] Swimming pool [] Storage Area [] Recreation Area
- [] Laundry Area [] Tennis court [] Trash Chute/Enclosure(s)
- [] Other: _____

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

- ☒ There are no violations.
 ☐ Violations will not be cured.
- ☐ Violations and cost to cure are listed below.
 ☐ Violations will be cured by _____
 (Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations
(For conversions of residential apartments in existence for at least five years):

See Exhibit "K" for Architect's Condition Report dated November 17, 2004

11. Conformance to Present Zoning Code

- a. ☒ No variances to zoning code have been granted.
☐ Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawfully at one time but which does not now conform to present zoning requirements:

| | Conforming | Non-Conforming | Illegal |
|------------|------------|-------------------|-------------------|
| Uses | <u>X</u> | <u> </u> | <u> </u> |
| Structures | <u>X</u> | <u> </u> | <u> </u> |
| Lot | <u>X</u> | <u> </u> | <u> </u> |

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interests:

1. Common Elements. Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

☒ described in Exhibit "C" .

☐ as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

☐ There are no limited common elements in this project.

☒ The limited common elements and the apartments which use them, as described in the Declaration, are:

☒ described in Exhibit "D".

☐ as follows:

3. Common Interests: Each apartment will have an undivided fractional interests in all of the common elements. This interest is called the "common interests." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

☐ described in Exhibit _____.

☒ as follows:

Each unit shall have appurtenant thereto an undivided fifty percent (50%) interest in all common elements of the property, and the same proportionate share in all common profits and common expenses of the property (except as may be otherwise provided in the Bylaws) and for all other purposes, including voting. The percentage common interest for each unit is determined by apportioning a fifty percent (50%) interest to each of the two (2) units irrespective of the actual land areas contained in each unit.

- E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property on or your purchase and ownership of an apartment in the project.

Exhibit "E" describes the encumbrances against the title contained in the title report dated August 26, 2005 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

| <u>Type of Lien</u> | <u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u> |
|---------------------|--|
| Mortgage | Deposits are to be refunded to Buyer less escrow cancellation fees. |

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

None: Units are sold "as is".

2. Appliances:

None: All appliances are sold "as is".

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

The construction of Unit A was completed approximately on 2004.

The construction of Unit B was completed approximately on 1991.

H. **Project Phases:**

The developer ☐ has ☒ has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

IV. CONDOMINIUM MANAGEMENT

- A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report is:

☐ not affiliated with the Developer ☐ the Developer or the Developer's affiliate.
☒ self-managed by the Association of Apartment Owners ☐ Other _____

- B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit _____ "F" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

- C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

☒ None ☐ Electricity (_____ Common Elements only _____ Common Elements & Apartments)

☐ Gas (_____ Common Elements only _____ Common Elements & Apartments)

☐ Water ☐ Sewer ☐ Television Cable

☐ Other _____

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate commission include but are not limited to:

- ☐ Notice to Owner Occupants
- ☒ Specimen Sales Contract
Exhibit "G" contains a summary of the pertinent provisions of the sales contract.
- ☐ Escrow Agreement dated February 14, 2005
Exhibit "H" contains a summary of the pertinent provisions of the escrow agreement.
- ☐ Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs

Website to access rules: www.hawaii.gov/dcca/har

This Public Report is a part of Registration No. 5811 filed with the Real Estate Commission on October 12, 2005.

Reproduction of Report. When reproduced, this report must be on:

☐ YELLOW paper stock

☒ WHITE paper stock

☐ PINK paper stock

C. **Additional Information Not Covered Above:**

1. The use of hazardous material is restricted except as provided under Article H of the Declaration and all hazardous materials laws.
2. For the purpose of Exhibit "F" of the Final Condominium Public Report the Developer has not conducted a reserve study in accordance with § 514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.
3. Current County of Kauai ordinances allow the construction of one single family dwelling and one "additional dwelling unit" ("ADU"). As long as there is an Additional Dwelling Unit ("ADU") ordinance in effect in the County of Kauai, each of the Units shall be entitled to construct a single Condominium House (whether it is considered as the main residence or the ADU allowed to be constructed on the Property). The Developer makes no warranties or representations regarding the future of County of Kauai ordinances regarding ADUs on the ability at anytime in the future of an ADU to be constructed on the property.
4. Easement S-1 constitutes an easement for septic purposes as shown on the Condominium Map in favor of Unit B.
5. Easement C is an access and utility easement running across Unit A in favor of Unit B as shown on the Condominium Map.
6. This Public Report shall not be valid for the sale of Units A and B until the Developer submits to the Real Estate Commission appropriate documentation and a duly executed disclosure abstract identifying the designated real estate broker, if any, a copy of which shall be attached to this Public Report, together with the duly executed copy of the Broker Listing Agreement with a Hawaii-licensed real estate broker.
7. Unit A and Unit B are subject to a 100 year flood setback line as per survey of Dennis M. Esaki, Registered Professional Land Surveyor, approved on August 24, 1988. The inclusion of Units A and B within the flood plain will impact the construction of any future improvements on the property.


- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

PAUL STEVEN DAVIDSON and CHRISTINA LOUISE SMITH
Owners/Developers


PAUL STEVEN DAVIDSON

OCT 11 2005

Date


CHRISTINA LOUISE SMITH

OCT 11 2005

Date

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

****Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.***

EXHIBIT "A"

DESCRIPTION OF BUILDINGS

The project consists of one (1) existing wooden single family dwelling containing 1,475 square feet of gross living area plus a 675 square feet deck; and one (1) shade shed made of shade cloth and metal fence stakes, without basements. Each structure (herein called "unit") is shown on the Condominium Map.

Unit A as shown on the Condominium Map, contains a total area of 16 square feet and Unit B as shown on the Condominium Map, contains a total area of 2132 square feet, including the exterior deck.

The approximate net floor areas of each unit as set forth above is measured from the exterior surface of the unit perimeter walls and includes all of the walls and partitions within its perimeter walls.

EXHIBIT "B"

ALTERATION OF PROJECT

Paragraph K of the Declaration provides that:

1. Provided that the unit owner satisfies the applicable terms and conditions of the Project Documents and obtains all of the necessary governmental permits, each unit owner shall have the right at his sole option at any time and from time to time, as hereinafter set forth, without the consent and/or approval of the owner of any other unit or any other persons or entity, to construct, reconstruct, repair, maintain, improve, renovate, remodel, make additions to, enlarge, remove, replace, alter or restore the improvements to or in his unit or portions thereof or upon or within the Yard Areas or other limited common elements or easements appurtenant to his unit (collectively, the foregoing are referred to as "alterations"). Each unit owner who makes such alterations (hereinafter referred to as the "Altering Owner") shall have the right without the consent or joinder of any other person to amend this declaration and the Condominium Map and to apply for any required governmental permit to accomplish any such alterations. If required by the Act, promptly upon completion of such alterations the Altering Owner shall duly record such amendment to this declaration in the Bureau of Conveyances, together with a complete set of the floor plans of such unit as so altered, certified by a registered architect or professional engineer to fully and accurately depict the altered portions of the property as built. All existing unit owners and all future unit owners and their mortgagees, by accepting an interest in a unit, consent to all such alterations and agree to give and shall be deemed to have given the owner of the Altering Owner a power of attorney to: (i) execute an amendment to the declaration solely for the purpose of describing the alterations to such unit in the declaration and (ii) apply for any required governmental permit so that the Altering Owner shall hereafter have a power of attorney from all the other unit owners to execute such amendment to the declaration and apply for any required governmental permit. This power of attorney shall be deemed coupled with each owner's interest in his unit (including his common interest) and shall be irrevocable. If, despite the provisions of this paragraph, any governmental agency shall require some or all of the owners of units in the Project (other than the Altering Owner) to sign the necessary governmental permit application or related documents, then all of the other unit owners shall be required to sign any such permit applications or related documents (including authorizations allowing the Altering Owner to sign such governmental permits on behalf of such other owners) as may be necessary to allow a unit owner to obtain the governmental permit authorized by this paragraph. Any such unit owner who wrongfully refuses to sign such permits or provide the Altering Owner with the necessary authorizations: shall be liable to the Altering Owner for all such damages (including costs and attorneys' fees) incurred by the Altering Owner as a result of such refusal; and shall be subject to such other legal and/or equitable remedies as may be available to the Altering Owner.

2. Any alteration of a unit pursuant to this paragraph K shall be subject to the following conditions:

(a) All such alterations shall conform with all applicable governmental regulations, laws and ordinances.

(b) Such alterations may decrease or increase the size of the affected unit, provided that no alteration shall extend or place the unit outside of the limits of the Yard Area appurtenant to such unit.

(c) All such alterations shall be at the sole expense of the unit owner making the change and shall be made within one (1) year of the commencement thereof and in a manner that will not unreasonably interfere with the other unit owner's use or quiet enjoyment of his unit or Yard Area.

(d) With the prior consent of the Board of Directors, the owner of the altered unit, at such owner's sole expense, shall have the right to: utilize, relocate, construct, reconstruct, realign and/or develop additional, central and appurtenant installations for services to the unit affected by such alteration for electricity, sewer and other utilities and services; and when necessary, add, delete, relocate, realign, designate and grant easements and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith. Provided, however, that no work done pursuant to this paragraph shall cause any unreasonable interruption in the service of such utilities to any other part of the Project, nor shall it unreasonably interfere with any other unit owner's use or enjoyment of his unit or Yard Area.

3. It is the intent of this Declaration that as long as there is an Additional Dwelling Unit ("ADU") ordinance in effect in the County of Kauai, each of the Units shall be entitled to construct a single Condominium House (whether it is considered as the main residence or the ADU allowed to be constructed on the Property). Neither Unit A or Unit B shall be entitled to construct a Guest House.

4. Each and every conveyance, lease and mortgage or other lien made or created on any unit and all common interests, limited common elements, and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a unit shall reserve to all unit owners the rights set forth in this paragraph.

*** SPECIAL NOTATION:**

When applying for building permits, use permits, zoning permits or any other land use permits with governmental agencies, 75% of the owners of the Project maybe required to sign the permit forms. In such case, all unit owners shall be required to sign such permit applications and related documents as may be necessary for any unit owner to obtain such permits.

The issuance of an effective date for the Condominium Public Report should not be construed to mean that all governmental laws, ordinances and regulations have been complied with and all subsequent development and use shall comply with applicable governmental laws, ordinances and regulations.

Additionally, the creation of the Condominium Property Regime does not mean that the land has met the subdivision requirements of the County. As such, certain facilities and improvements normally associated with County approved subdivisions may not be necessarily included as part of this Project.

EXHIBIT "C"

COMMON ELEMENTS

The common elements of the project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A", attached to the Declaration, in fee simple.
2. All central and appurtenant installations for common services, including utilities.
3. Any and all apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, use, maintenance or safety, or normally in common use.

EXHIBIT "D"

LIMITED COMMON ELEMENTS

Certain units shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

Yard Area A: Yard Area A consists of the land area under and surrounding Unit A, contains approximately 11,546 square feet as designated on the Condominium Map and described in Exhibit D-1 attached hereto and incorporated herein, and is reserved for the exclusive use of Unit A for the support of the building and other improvements comprising Unit A, and for the purposes described in the Project Documents.

Yard Area B: Yard Area B consists of the land area under and surrounding Unit B, contains approximately 10,460 square feet acres as designated on the Condominium Map and described in Exhibit D-2 attached hereto and incorporated herein, and is reserved for the exclusive use of Unit B for the support of the building and other improvements comprising Unit B, and for the purposes described in the Project Documents.

Unit A
Limited Common Element
"Alamihi" Condominium

All of that certain parcel of land being the Limited Common Element containing Unit A, of "Alamihi" Condominium, being a portion of Lot 121-C-1 at Wainiha, Hanalei, Kauai, Hawaii;

Being a portion of R.P. 7194, L.C. Aw. 11,216, Ap. 5 to M. Kekauonohi and more particularly described as follows:

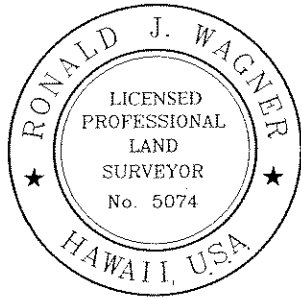
Beginning at the Northwest corner of this parcel of land, being the Northeast corner of Lot 121-B-2, on the South side of Kuhio Highway, the coordinates of which referred to Government Survey Triangulation Station, "NIHA-2" being 471.42 feet South and 786.48 feet West and running by azimuths measured clockwise from True South:

1. 277° 45' 15.11 feet along Kuhio Highway;
2. 14° 40' 150.00 feet along Lot 121-C-2;
3. 344° 52' 86.40 feet along Lot 121-C-2;
4. 287° 08' 59.78 feet along Lot 121-C-2;
5. 14° 40' 70.67 feet along Lot 5;
6. 123° 45' 71.57 feet along the remainder of Lot 121-C-1, (Limited
Common Element containing Unit B,
"Alamihi" Condominium);
7. 104° 40' 50.00 feet along the remainder of Lot 121-C-1, (Limited
Common Element containing Unit B,
"Alamihi" Condominium);




8. 194° 40'

273.00 feet along Lots 121-B-3 and 121-B-2 to
the point of beginning and containing an
AREA of 11,546 Square Feet.



WAGNER ENGINEERING SERVICES INC.

August 27, 2004
P.O. Box 851
Hanalei, Hawaii 96714



Ronald J. Wagner
Licensed Professional Land Surveyor
Certificate No. 5074



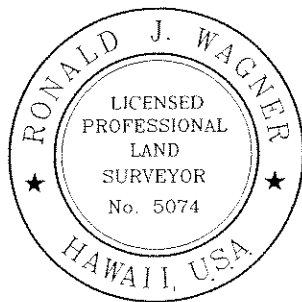
Unit B
Limited Common Element
"Alamihi" Condominium

All of that certain parcel of land being the Limited Common Element containing Unit B, of "Alamihi" Condominium, being a portion of Lot 121-C-1 at Wainiha, Hanalei, Kauai, Hawaii;

Being a portion of R.P. 7194, L.C. Aw. 11,216, Ap. 5 to M. Kekauonohi and more particularly described as follows:

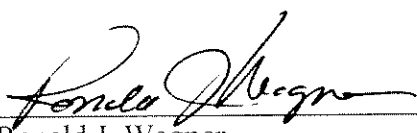
Beginning at the Southeast corner of this parcel of land, being the West corner of Lot 6, on the North side of Alamihi Road, the coordinates of which referred to Government Survey Triangulation Station, "NIHA-2" being 860.29 feet South and 766.65 feet West and running by azimuths measured clockwise from True South:

1. 107° 08' 117.75 feet along Alamihi Road;
2. 194° 40' 93.11 feet along Lot 121-B-3;
3. 284° 40' 50.00 feet along the remainder of Lot 121-C-1, (Limited Common Element containing Unit A, "Alamihi" Condominium);
4. 303° 45' 71.57 feet along the remainder of Lot 121-C-1, (Limited Common Element containing Unit A, "Alamihi" Condominium);
5. 14° 40' 74.78 feet along Lots 5 and 6 to the point of beginning and containing an AREA of 10,460 Square Feet.



WAGNER ENGINEERING SERVICES INC.

August 27, 2004
P.O. Box 851
Hanalei, Hawaii 96714



Ronald J. Wagner
Licensed Professional Land Surveyor
Certificate No. 5074



EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. Any taxes that may be due and owing and tax liens that may exist, refer to Director of Finance, Kauai County.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. No access permitted into and from Alamihi Road, as per survey of Dennis M. Esaki, Registered Professional Land Surveyor, approved on August 24, 1988.
4. A 100 year flood setback line, as per survey of Dennis M. Esaki, Registered Professional Land Surveyor, approved on August 24, 1988.
5. A 7 feet wide future road widening reserve along Kuhio Highway, as per survey of Dennis M. Esaki, Registered Professional Land Surveyor, approved on August 24, 1988.
6. Easement "A", for access and utility purposes over, under, across and through a portion of the land described herein, containing an area of 2,236 square feet, as per survey of Dennis M. Esaki, Registered Professional Land Surveyor, approved on August 24, 1988.
7. The terms and provisions, including the failure to comply with any covenants, conditions, and reservations contained in that certain Deed dated October 19, 1988, filed in said Bureau of Conveyances in Liber 22482 at Page 31.
8. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

Declaration of Condominium Property Regime of "Alamihi" Condominium Project dated January 27, 2005, and recorded in said Bureau as Document No. 2005-025135.

Condominium Map recorded as Map No. 3937, and any amendments thereto.
9. By-laws of the Association of Apartment Owners adopted January 27, 2005, and recorded in said Bureau as Document No. 2005-025136.
10. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described herein.
11. Mortgage Loan/Account No. 30523623 by and between Christina L. Smith, single, and Paul S. Davidson, single, as Mortgagors, and Mortgage Electronic Registration Systems, Inc., solely as a nominee for CMB Mortgage, Inc., a California corporation, as Mortgagee, dated February 10, 2005, and recorded in said Bureau as Document No. 2005-039894.

EXHIBIT "F"

**ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

Estimate of Initial Maintenance Fees:

| <u>Apartment</u> | <u>Monthly Fee x 12 months = Yearly Total</u> | | |
|------------------|---|---|----------|
| Unit A | \$30.00 x 12 | = | \$360.00 |
| Unit B | \$30.00 x 12 | = | \$360.00 |

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning
Electricity
 [] common elements only
 [] common elements and apartments
Elevator
Gas
 [] common elements only
 [] common elements and apartments
Refuse Collection
Telephone
Water and Sewer

Maintenance, Repairs and Supplies

| | | | |
|----------|--------------|---|----------|
| Building | \$10.00 x 12 | = | \$120.00 |
| Grounds* | | | |

*includes cost of maintaining septic system on Easement S-1

Management

Management Fee
Payroll and Payroll Taxes
Office Expenses

| | | | |
|-----------|--------------|---|----------|
| Insurance | \$50.00 x 12 | = | \$600.00 |
|-----------|--------------|---|----------|

Reserves(*)

Taxes and Government Assessments

Audit Fees

Other


| | | | |
|-------|--------------|---|----------|
| TOTAL | \$60.00 x 12 | = | \$720.00 |
|-------|--------------|---|----------|

We, PAUL STEVEN DAVIDSON and CHRISTINA LOUISE SMITH, as owner/developer for the ALAMIHI CONDOMINIUM Project hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Paul Steven Davidson
PAUL STEVEN DAVIDSON

OCT 11 2005

Date


CHRISTINE LOUISE SMITH

OCT 11 2005

Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXHIBIT "G"

SUMMARY OF DEPOSIT RECEIPT, OFFER AND ACCEPTANCE (DROA) CONTRACT

The Deposit Receipt, Offer and Acceptance contract, including the terms and conditions attached thereto as the CPR Addendum (hereinafter collectively called the "Sales Contract") contain the price and other terms and conditions under which a purchaser will agree to buy a unit in the Project. Among other things, the Sales Contract states:

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a unit.

(b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the Sales Contract.

(c) That the Developer makes no representations concerning rental of a unit, income or profit from a unit, or any other economic benefit to be derived from the purchase of a unit.

(d) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(e) Requirements relating to the purchaser's financing of the purchase of a unit.

(f) That the unit and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.

(g) That the Developer makes no warranties regarding the unit, the Project or anything installed or contained in the unit or the Project.

(h) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(i) If the buyer shall default:

(1) The seller may bring an action for damages for breach of contract and/or return the initial deposit and all additional deposits as liquidated damages; and

(2) The seller may pursue any other remedy, including specific performance, permitted by law or equity. All costs, including reasonable attorneys' fees, incurred by reason of default by the buyer shall be borne by the buyer.

The Sales Contract contains various other important provisions relating to the purchase of a unit in the Project. It is incumbent upon purchasers and prospective purchasers to read with care the specimen Sales Contract on file with the Real Estate Commission.

EXHIBIT "H"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) The purchaser is entitled to a refund if the purchaser or seller cancels the Sales Contract in accordance with its cancellation provisions, or if the purchaser terminates its reservation before the Sales Contract is binding. However, Escrow may deduct from the refund cancellation fees in accordance with the Sales Contract.
- (d) The purchaser's funds that are placed in trust prior to closing may be used by the seller after (1) the purchaser has (i) been provided with a final public report; (ii) executed a receipt and notice and has waived his right to cancel or thirty (30) days have elapsed since the purchaser has been provided with the final public report and receipt and notice of right to cancel; and (2) the seller notifies escrow in writing that since (i) and (ii) have happened, the Sales Contract is binding; and (3) the seller's attorney advises escrow that the Sales Contract is binding and the requirements of Hawaii Revised Statutes, Sections 514A-63 and -64.5 have been met.

The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. It is incumbent upon purchasers and prospective purchasers to read with care the executed Escrow Agreement on file with the Real Estate Commission.

EXHIBIT "I"

DISCLOSURE ABSTRACT

Pursuant to Hawaii Revised Statutes, Section 514(A)-61, the Developer of the Alamihi Condominium project makes the following disclosures:

1. The Developers of the Project are PAUL STEVEN DAVIDSON and CHRISTINA LOUISE SMITH whose mailing address is 1223 Wilshire Boulevard, # 501, Santa Monica, California 90403.

2. The real estate broker for the project is RE/MAX Kauai.Com LLC, whose mailing address is P.O. Box 22-3609, Princeville, Kauai, Hawaii, 96722 and whose telephone number is (808) 826-9675.

3. The escrow company for the project is TITLE GUARANTY ESCROW SERVICES, INC., whose mailing address is 235 Queen Street, Honolulu, Hawaii 96813, and whose telephone number is (808) 521-0211.

4. See Exhibit "F" to the Final Public Report for the projected annual maintenance fees. The Developer hereby certifies that the estimations have been based on generally accepted accounting principles.

5. There are no warranties against defects of material and workmanship in individual apartments, common elements or exclusive use areas, and the purchaser buys his/her unit in an "as is" condition.


6. All of the units of the Project are to be used for residential purposes only. There will be no commercial use except those activities permitted by County Ordinance.

7. The Developer has not conducted a reserve study in accordance with Section 514A-83.6, and the replacement reserve rules, Subchapter 5, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. There are no depreciable common elements in the Project.

IN WITNESS WHEREOF, the Developer has executed this Disclosure Abstract this 11th day of October, 2005.



PAUL STEVEN DAVIDSON



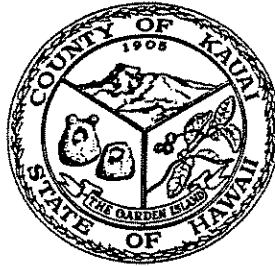
CHRISTINA LOUISE SMITH

RECEIPT

The undersigned has received a copy of the foregoing Disclosure Abstract with Exhibit "F" this
_____ day of _____, 20____.

Purchaser(s):

BRYAN J. BAPTISTE
MAYOR



IAN K. COSTA
DIRECTOR OF PLANNING

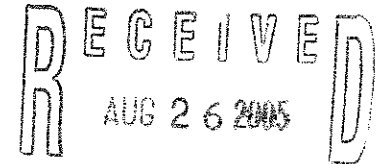
GARY K. HEU
ADMINISTRATIVE ASSISTANT

MYLES S. HIRONAKA
DEPUTY DIRECTOR OF PLANNING

COUNTY OF KAUA'I
PLANNING DEPARTMENT
4444 RICE STREET
KAPULE BUILDING, SUITE A473
LIHU'E, KAUA'I, HAWAII 96766-1326

TELEPHONE: (808) 241-6677 FAX: (808) 241-6699

DATE: August 18, 2005



TO: Cynthia M.L. Yee, Esq.
Senior Condominium Specialist
Real Estate Commission - P & VLD/DCCA
250 South King Street, Suite 702
Honolulu, Hawaii 96813

BELLES GRAHAM
PROUDFOOT & WILSON

FROM: Ian K. Costa, Director of Planning 

SUBJECT: Recertification of Inspection of Existing Buildings

Project Name: **ALAMIHI**
Condominium Project (222)
Tax Map Key: (4) 5-8-011: 007

The developer of the above-mentioned condominium project has rectified the zoning violations as indicated in our letter dated March 3, 2005. Therefore, this office, as an agency of the County of Kauai having reviewed the project for compliance with all ordinances, codes, rules, regulations and other requirements of the County of Kauai, (Section 514 A-40 (b), (1), Hawaii Revised Statutes, subject to the disclosures and waivers (item "5" below) specified herein, we certify the following:

1. The developer has contracted architect Rafal Cholodzinski to certify that the existing buildings on the proposed project referred to as Alamihi Condominium Unit A and Unit B are in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of its construction, and to that extent, and subject to the conditions of waiver herein, the Planning Department adopts that certification as it

EXHIBIT "J"

AN EQUAL OPPORTUNITY EMPLOYER

Senior Condominium Specialist
Alamihi Condominium
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pertains to the rules and regulations administered solely by the Department.

2. There are no variances approved for the subject property.
3. The parcel does not contain any outstanding nonconforming use or structures as a result of the adoption or amendments of any ordinance or codes and regulations.
4. There are no notices of violations of County building or zoning codes outstanding according to our records.
5. WAIVER
The foregoing certification is not a warranty to any compliance with applicable County and State rules and regulations. The sole reason for the execution hereof is to comply with statutory requirements to the regulations of condominiums under subsection 514 A-40, (b), and (1), Hawaii Revised Statutes.

If you have any questions, please contact Sheilah Miyake at (808) 241.6677.

cc: Jonathan Chun, Attorney at Law
Paul Davidson, Project Developer

ARCHITECT'S CONDITION REPORT

The undersigned, being a licensed architect within the State of Hawaii and bearing Registration Number AR-7772, has inspected units A & B of the condominium project Alamihi, consisting of a thirteen year old structure which may be occupied for residential use, situate at Wainiha, Hanalei, Kauai, Hawaii and identified by Tax Map Key No. (4) 5-8-11:07

The inspection included the exterior roof, foundation, visible electrical and plumbing systems, and I find that the systems and components of the structure, including visible structural, electrical and plumbing, appear to be in satisfactory condition for the stated age thereof and appear to be in sound condition. The structure and related systems and components have an expected useful life in excess of 30 years.

DATED: November 17th, 2004, Kauai, Hawaii.


ARCHITECT'S NAME

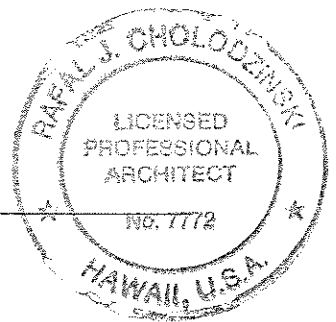


EXHIBIT "K"